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## NEAR EAST-AFRICA

1. PALESTINE: Views on renewed Lausanne talks—US Ambassador McDonald in Tel Aviv expresses the belief that Israel's policy on the Palestine question is developing favorably, particularly with regard to the Arab refugee issue. The Israeli delegate to the Palestine Conciliation Commission (PCC), which resumed negotiations at Lausanne on 18 July, has informed McDonald that he is taking "a more elastic program" to Lausanne and that Israel's offer on the Arab refugees will be "more definite and larger." According to McDonald, Israel evidently feels the need to have the PCC present tangible evidence of progress in solving the Palestine problem to the General Assembly in September.

(CIA Comment: CIA believes that little substantial progress toward a final settlement of the Palestine problem will be made at Lausanne and that such limited concessions as Israel may make will not prove acceptable to the Arabs.)

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